

REPORT OF THE AUDIT COMMITTEE

October 8, 2008

The Honorable,
The Board of Commissioners of Cook County

ATTENDANCE

Present: Chairman Daley, Vice Chairman Goslin, Commissioners Butler, Gorman, Quigley and Schneider (6)

Ex-Officio Members: Laura A. Burman – Cook County Auditor; and Donna L. Dunnings – Chief Financial Officer, Bureau of Finance (2)

Absent: Commissioner Maldonado (1)

Also Present: Commissioner Collins (1); Alexis A. Herrera – Chief Financial Officer, Office of the Sheriff; Lisa M. Walik – Director, Department of Risk Management; – John Morales – Cook County Comptroller; Wasiiu Fashina – Chief Financial Officer, Clerk of the Circuit Court and David Small – Interim Chief Executive Officer, Cook County Health and Hospitals System

Court Reporter: Anthony W. Lisanti, C.S.R.

Ladies and Gentlemen:

Your Audit Committee of the Board of Commissioners of Cook County met pursuant to notice on Wednesday, October 8, 2008 at the hour of 11:00 A.M. in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Chairman Daley entered into the record questions pertaining to various items on the agenda. (see attached).

Commissioner Quigley stated his intention to submit questions at a later date.

Your Committee has considered the following items and upon adoption of this report, the recommendations are as follows:

294136 MOTOR FUEL TAX FUND AUDIT REPORT NUMBER 38. Transmitting a Communication, dated April 11, 2008 from Rupert F. Graham, Jr., P.E., Superintendent of Highways:

Submitting the Motor Fuel Tax Fund Audit Report Number 38 completed by the Illinois Department of Transportation for the County Fiscal Years 2005 and 2006, beginning December 1, 2004 and ending November 30, 2006. This audit covers the Cook County's allotments and expenditures of the Motor Fuel Tax Fund for the improvement and maintenance of the highway infrastructure and appurtenances.

The Illinois Department of Transportation is authorized to conduct an audit of the Cook County Motor Fuel Tax Fund by the Road, Bridge and Other Related Laws of Illinois, under the citations of ILCS 5/5-701.0 through 701.16, ILCS 5/5-402.0, and 30 ILCS 235/0.01 through 235/8.

***Referred to the Audit Committee on May 20, 2008.**

Commissioner Quigley, seconded by Commissioner Butler, moved to receive and file Communication Number 294136. The motion carried.

294145 INDEPENDENT AUDITOR'S REPORT OF THE FINANCIAL STATEMENTS. Transmitting a Communication, dated May 6, 2008 from Maria Pappas, Cook County Treasurer:

Submitting herewith a copy of the Independent Auditor's Report of the financial statements of the Cook County Treasurer's Office as of November 30, 2007 and 2006.

***Referred to the Audit Committee on May 20, 2008.**

Commissioner Quigley, seconded by Commissioner Butler, moved to receive and file Communication Number 294145. The motion carried.

295908 CLERK OF THE CIRCUIT COURT, Transmitting a communication, dated August 18, 2008, by Dorothy Brown, Clerk of the Circuit Court:

Please find the submitted Fiscal Year 2007 Independent Auditor Report, which includes the Report of Independent Accountants on Compliance and Internal Controls for the Office of the Clerk of the Circuit Court. Please accept this report and refer it to the Cook County Audit Committee for review.

*** Referred to the Audit Committee on September 3, 2008.**

Commissioner Gorman asked if the report contained any findings.

Laura Burman, Cook County Auditor, replied that one finding is detailed on page 36. The auditors observed unreconciled differences in liability accounts. The differences are being rectified.

Chairman Daley asked for a further explanation regarding management's statement that a staff shortage is the reason why the Clerk of the Circuit Court was not able to reconcile the discrepancies between general ledgers and auxiliary ledgers.

Wasiu Fashina, Chief Financial Officer, Clerk of the Circuit Court, stated the 40 budgeted positions in the Accounting & Bookkeeping division for Fiscal Year 2008 are not all Certified Public Accountant positions. The ledger discrepancy problem goes back many years, and has proven difficult to solve. Staff must go to the record storage warehouse to locate old documents. They will continue working on this problem.

Commissioner Quigley, seconded by Commissioner Butler, moved to receive and file Communication Number 295908. The motion carried.

296222 INDEPENDENT AUDITOR'S REPORT – SHERIFF'S OFFICE. Transmitting a Communication, dated August 20, 2008 from Thomas J. Dart, Sheriff of Cook County by Alexis A. Herrera, Chief Financial Officer:

Submitting the Independent Auditor's Report dated July 21, 2008 from Sam Macaluso & Associates, Inc., Certified Public Accountants for the period ending November 30, 2007. This audit contains a Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances for the Federal Equitable

Sharing Program and the State Equitable Sharing Program administered by the Cook County Sheriff's Office.

***Referred to the Audit Committee on September 17, 2008.**

Vice Chairman Goslin, seconded by Commissioner Schneider, moved to receive and file Communication Number 296222. The motion carried.

296224 COOK COUNTY'S HEALTH FACILITIES FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED NOVEMBER 30, 2007. Transmitting a Communication, dated September 15, 2008 from Donna L. Dunnings, Chief Financial Officer, Bureau of Finance:

Subject: Health Facilities Financial Statements for the
Fiscal Year ended November 30, 2007

Submitting herewith a copy of Cook County's Health Facilities Financial Statements for the fiscal year ended November 30, 2007, prepared by the Cook County Bureau of Health Services and audited by Deloitte & Touche, LLP. Respectfully request that the report be referred to the Cook County Board's Audit Committee for further consideration.

***Referred to the Audit Committee on September 17, 2008.**

Chairman Daley informed the Committee that this report is also before the Audit Committee of the Cook County Health and Hospitals System Board.

Commissioner Goslin asked for an explanation about the statistics showing a decline in the number of patients who were using Cook County health services in 2007.

David Small, Interim Chief Executive Officer of the Cook County Health and Hospitals System, replied that after the Board of Commissioners approved a substantially reduced budget for the system at that time, the resulting cutback in services caused the decline in patient census numbers. He further observed that average length of hospital stays is declining as part of a national trend.

John Morales, Cook County Comptroller, discussed ongoing efforts to improve the reporting capability of the JD Edwards financial management system. It is his belief that the software is not being utilized to its fullest capacity in the Health and Hospital System. To improve the program may require an additional cost.

Commissioner Collins said she is reluctant to approve any more spending on technology-related initiatives until cost savings from previous projects are documented.

Vice Chairman Goslin, seconded by Commissioner Butler, moved to receive and file Communication Number 296224. The motion carried.

296225 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2007. Transmitting a Communication, dated September 15, 2008 from Donna L. Dunnings, Chief Financial Officer, Bureau of Finance:

Subject: Comprehensive Annual Financial Report (CAFR)

Submitting a copy of Cook County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended November 30, 2007, prepared by the Cook County Office of the Comptroller and audited by Deloitte & Touche, LLP. Respectfully request that the report be referred to the Cook County Board's Audit Committee for further consideration.

*** Referred to the Audit Committee on September 17, 2008.**

Chairman Daley stated the Management Letter that traditionally accompanies the CAFR is not complete, and therefore it may be appropriate to defer this matter.

Ms. Dunning's replied the Management Letter will be complete by October 15, 2008.

Vice Chairman Goslin, seconded by Commissioner Gorman, moved to defer consideration of Communication Number 296225. The motion carried.

296226 COOK COUNTY ACTUARIAL ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2007. Transmitting a Communication, dated September 15, 2008 from Donna L. Dunning's, Chief Financial Officer, Bureau of Finance:

Subject: Cook County Actuarial Analysis for the year ended November 30, 2007

Submitting a copy of Cook County's Actuarial Analysis for the fiscal year ended November 30, 2007, prepared by ARM Tech, a subsidiary of Aon Corporation. Respectfully request that the report be referred to the Audit Committee for further consideration.

***Referred to the Audit Committee on September 17, 2008.**

Commissioner Gorman inquired if there were any efforts to reduce the number of claims identified in the Actuarial Analysis?

Lisa Walik, Director of the Department of Risk Management, detailed the department's ongoing efforts to reduce the number of incidents that result in claims against the County's Self-Insurance program.

Vice Chairman Goslin, seconded by Commissioner Butler, moved to receive and file Communication Number 296226. The motion carried.

Commissioner Butler, seconded by Vice Chairman Goslin, moved to adjourn the meeting. The motion carried and the meeting was adjourned.

**YOUR COMMITTEE RECOMMENDS THE FOLLOWING ACTION
WITH REGARD TO THE MATTERS NAMED HEREIN:**

Communication Number 294136	Received and Filed
Communication Number 294145	Received and Filed
Communication Number 295908	Received and Filed
Communication Number 296222	Received and Filed
Communication Number 296224	Received and Filed
Communication Number 296225	Deferred
Communication Number 296226	Received and Filed

AUDIT COMMITTEE REPORT

OCTOBER 8, 2008

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Respectfully submitted,
Audit Committee



John P. Daley, Chairman

Attest:



Matthew B. DeLeon, Secretary

The transcript and audio recording for this meeting is available from the Office of the Secretary to the Board, 118 North Clark Street, Room 567, Chicago, IL 60602.



OFFICE OF THE CLERK OF THE CIRCUIT COURT OF COOK COUNTY

October 9, 2008

Honorable John P. Daley
Chairman, Committee on Finance
Cook County Board of Commissioners
118 North Clark Street Room 567
Chicago, Illinois 60602

Dear Chairman Daley:

Thank you for your questions regarding the Clerk of the Circuit Court FY 2007 Independent Audit Report.

Following are our responses to your questions:

1. **"On Report J, Part II, (pg 11) the statement of operating costs is left blank due to audit guidelines that do not require its completion. We request that your office complete this worksheet on a voluntary basis?"**

The original draft of the Report J, part I, (pg 11), statement of operating cost submitted by our staff to the auditor, Prado & Renteria, was filled out completely. However, the auditor decided to leave it blank due to audit guidelines that do not require its completion. Attached herewith (see Exhibit A), is a completed worksheet.

2. **"Please provide a status update regarding your efforts to reconcile discrepancies between the general ledger and detailed supporting schedules. Include the current cumulative total of unidentified differences. (pg. 36)?"**

As of 10/6/08, our Office has remitted a total amount of \$477,070.74 to the Cook County Comptroller. The amount represents the reconciliation of the civil, traffic and criminal accounts (see Exhibit B & C). The current cumulative total of un-reconciled accounts is approximately \$1 million, representing traffic accounts in Suburban Districts. Our Comptroller has assigned additional staff, working overtime, to help recreate the supporting documentation necessary to reconcile these accounts.

3. **"Your office has cited staff shortages as the reason you have not successfully reconciled the above referenced discrepancies. The General Accounting & Bookkeeping office had 45 positions in 2003, 43 in 2006, and is currently budgeted for 40. Please explain why the current staffing levels are inadequate for the work required?"**

Please note that out of the forty employees that are budgeted in the General Accounting & Bookkeeping department, only six, Accountant IV (see Exhibit D) are responsible for the reconciliation of 42 bank accounts. Monthly bank reconciliation has to be completed in a timely manner in order to remit revenue to the Office of the Cook County Treasurer timely. Hence, these accountants have been working on the un-reconciled accounts before or after working hours. However, our Comptroller has assigned additional staff to support the accountants in order to expedite the reconciliation. The remaining employees budgeted in the General Accounting & Bookkeeping Department are assigned to the Field Audit Unit in the suburban districts, 26th & California and the various divisions in Municipal One. In addition, some of the remaining employees are assigned to the Returned Checks unit and Account Receivables/Investment Department. Please note that the process necessary to reconcile these accounts is highly labor intensive. To facilitate this process, boxes of yellow receipt tapes must be ordered from the warehouse. We must go through all the boxes prior to FY2000 containing financial records at the warehouse, since we do not know the year or period the liabilities represent.

Please see reverse side

Exhibit A

PAGE 2 OF 9

PART II - COST OF OPERATING CLERK'S OFFICE**A. GROSS SALARIES**

- (1) CIRCUIT CLERK (PAID BY COUNTY)
(2) DEPUTY AND ALL OTHER CLERK'S
OFFICE PERSONNEL

105,000.00
71,105,748.00

(a) NUMBER OF STAFF POSITIONS:

(i) FULL-TIME: 1,761
(ii) PART TIME: 0

NOTE: DO NOT INCLUDE SALARIES OR NUMBER OF PERSONNEL
REPORTED IN B,C, OR D BELOW.

SECTION A (1,2) TOTAL**\$71,210,748.00****B. AUTOMATION EXPENSES**

(INCLUDE ALL HARDWARE, SOFTWARE, MAINTENANCE, TRAINING, PERSONNEL)
AND OTHER EXPENSES RELATED TO AUTOMATION EXCEPT THOSE INCLUDED
IN C AND D BELOW.)

- (1) PAID FROM COURT AUTOMATION FUND
(a) NUMBER OF POSITIONS PAID FROM
COURT AUTOMATION FUND:

9,223,154.00

(i) FULL-TIME: 88
(ii) PART-TIME: 0

(2) PAID FROM COUNTY GENERAL FUND

0.00

SECTION B (1,2) TOTAL**\$9,223,154.00****C. MAINTENANCE AND CHILD SUPPORT EXPENSES**

(INCLUDE ALL PERSONNEL, EQUIPMENT, AND AUTOMATION EXPENSES)
DEDICATED EXCLUSIVELY TO MAINTENANCE AND CHILD SUPPORT.)

- (1) PAID FROM MAINTENANCE AND CHILD
SUPPORT COLLECTION FUND

\$0.00

- (a) NUMBER OF STAFF POSITIONS PAID FROM MAINTENANCE
AND CHILD SUPPORT COLLECTION FUND:

(i) FULL-TIME: 133
(ii) PART-TIME: 0

(2) PAID FROM COUNTY GENERAL FUND

0.00

SECTION C (1,2) TOTAL**\$0.00****D. COURT DOCUMENT STORAGE EXPENSES**

(INCLUDE ALL PERSONNEL, EQUIPMENT, AND AUTOMATION EXPENSES)
DEDICATED EXCLUSIVELY TO DOCUMENT STORAGE.)

- (1) PAID FROM DOCUMENT STORAGE FUND
NUMBER OF POSITIONS PAID FROM DOCUMENT STORAGE FUND

9,402,700.00

FULL-TIME: 117
PART-TIME: 0

(2) PAID FROM COUNTY GENERAL FUND

0.00

SECTION D (1,2) TOTAL**\$9,402,700.00****E. ALL OTHER CLERK'S OFFICE EXPENSES**

(INCLUDE OFFICE SUPPLIES, EQUIPMENT, PRINTING, TRAVEL, ETC.)
IF AVAILABLE, PROVIDE A LINE ITEM BREAKDOWN SHOWING DOLLAR
AMOUNTS ON PAGE 7, ATTACHMENT A.)

NOTE: DO NOT INCLUDE ANY EXPENSES REPORTED IN B,C OR D ABOVE

SECTION E TOTAL**6,907,321.00****PART II - COST OF OPERATING A CLERK'S OFFICE (SECTION A,B,C,D,E) TOTAL****\$96,743,923.00**



OFFICE OF THE CLERK OF THE CIRCUIT COURT OF COOK COUNTY

October 1, 2008

Mr. John R. Morales, CPA
Cook County Comptroller
118 North Clark Street, Room 500
Chicago, Illinois 60602

Dear Mr. Morales:

Enclosed, please find 5 checks, in the total amount of \$303,203.25, representing the reconciliation of the Unallocated Liability accounts for 5 Clerk of the Circuit Court accounts. The individual checks are as follows:

- (1) Check #1803206 - \$131,323.48 (Civil Account)
- (2) Check #39084 - \$93,505.02 (Criminal/New General Account)
- (3) Check #1489 - \$32,238.32 (Traffic/Pro Bondsmen Account)
- (4) Check #1223 - \$30,000.00 (Traffic/Pro Bondsman Deposits Account)
- (5) Check #11687 - \$16,136.43 (Criminal Account)

If you have any questions regarding the enclosed information please contact me at (312) 603-5044.

Sincerely,

A handwritten signature in black ink, appearing to read "Wasiu Fashina".

Wasiu Fashina
CFO/Comptroller

Enclosures

cc: Honorable Dorothy Brown – Clerk of the Circuit Court of Cook County (w/e)
Ms. Donna L. Dunnings - Chief Financial Officer for Cook County (w/e)

DOROTHY BROWN
CLERK OF THE CIRCUIT COURT
CIVIL FEE ACCOUNT
50 W. WASHINGTON, ROOM 1005
CHICAGO, IL 60602

AMALGAMATED BANK OF CHICAGO
2-340/710

1803206

DATE	10/1/2008
AMOUNT	***131,323.48

wf

Not Valid After 90 Days of Check Date

PAY One Hundred Thirty-One Thousand Three Hundred Twenty-Three and 48/100*****

TO THE
ORDER
OF COOK COUNTY TREASURER

Dorothy Brown

CHECK IS PRINTED ON SECURITY PAPER WHICH INCLUDES A MICROPRINT BORDER & FLUORESCENT FIBERS

"1803206" :071003405: "120513890"

39084

DOROTHY BROWN
CLERK OF CIRCUIT COURT OF COOK COUNTY, ILLINOIS
1ST DISTRICT
NEW GENERAL ACCOUNT

DATE 10-1-08

2-340/710

wf

PAY
TO THE
ORDER OF

Cook County Treasurer

THE SUM OF \$93,505.02

\$93,505.02

DOLLARS Security Features Included. Details on Back.

Amalgamated
Bank of Chicago

NEW GENERAL ACCOUNT
NOT VALID AFTER 90 DAYS

FOR

Unallocated Liability Reconciliation

Dorothy Brown

MP

"039084" :071003405: "170000644"

DOROTHY BROWN
CLERK OF THE CIRCUIT COURT OF COOK COUNTY
PROFESSIONAL BONDSMEN ACCOUNT

1489

DALEY CENTER, RM. 1005
CHICAGO, IL 60602

PAY
TO THE
ORDER OF

Cook County Treasurer

DATE

10/1/08

2-340/710

wf

\$ *32,238.32*

THE SUM OF **\$32,238dols 32cts**

DOLLARS



Security Features
Included.
Details on Back.

Amalgamated
Bank of Chicago

NOT VALID AFTER 90 DAYS OF CHECK DATE

FOR

Unallocated Liability Reconciliation

Dorothy Brown

⑈001489⑈ ⑆071003405⑆ ⑈120467360⑈

DOROTHY BROWN
CLERK OF THE CIRCUIT COURT
PROFESSIONAL BONDSMAN DEPOSITS

1223

RICHARD J. DALEY CENTER, RM. 1005
CHICAGO, IL 60602

PAY
TO THE
ORDER OF

Cook County Treasurer

DATE

10/1/08

2-340/710

wf

\$ *30,000.00*

THE SUM OF **\$30,000dols 00cts**

DOLLARS



Security Features
Included.
Details on Back.

MALGAMATED
Bank of Chicago

FOR

Unallocated Liability Reconciliation

Dorothy Brown

⑈001223⑈ ⑆071003405⑆ ⑈120607114⑈

DOROTHY BROWN
CLERK OF THE CIR. CT. OF COOK CTY.
1ST DISTRICT CRIMINAL GENERAL ACCOUNT
DALEY CENTER RM. 1005
CHICAGO, IL 60602

11687

PAY
TO THE
ORDER OF

Cook County Treasurer

DATE

10/1/08

2-340/710

wf

\$ *16,136.43*

THE SUM OF **\$16,136dols 43cts**

DOLLARS



Security Features
Included.
Details on Back.

MALGAMATED
Bank of Chicago

NOT VALID AFTER 90 DAYS OF CHECK DATE

FOR

Unallocated Liability Reconciliation

Dorothy Brown

⑈011687⑈ ⑆071003405⑆ ⑈120515317⑈

DOROTHY BROWN CLERK OF THE
CIRCUIT COURT OF COOK COUNTY

2949

1ST DISTRICT
RETURN CHECK ACCOUNT
RICHARD J. DAILY CENTER, ROOM #1005
CHICAGO, IL 60602

DATE 10-6-68

2-340/710

PAY
TO THE
ORDER OF

Cook County Treasurer
THE SUM OF \$173,867.49

\$173,867.49

DOLLARS

MALGAMATED

Bank of Chicago

NOT VALID AFTER 90 DAYS OF CHECK DATE

FOR Unallocated Liability Recon.

Dorothy Brown

⑈002949⑈ ⑆071003405⑆ ⑈170000699⑈

Exhibit C

Exhibit D

03 GENERAL ACCOUNTING/ACCOUNTING & BOOKKEEPING - 3350403

0051	Administrative Assistant V	20	1.0	\$57,762
1112	Systems Analyst III	20	1.0	\$55,415
0145	Accountant V	19	1.0	\$65,540
0050	Administrative Assistant IV	18	1.0	\$59,719
0144	Accountant IV	17	6.0	\$329,787
0048	Administrative Assistant III	16	2.0	\$98,456
1110	Systems Analyst I	16	1.0	\$49,073
0143	Accountant III	15	4.0	\$191,190
0047	Administrative Assistant II	14	3.0	\$124,680
0174	Bookkeeper IV	14	4.0	\$188,508
0142	Accountant II	13	6.0	\$246,726
0046	Administrative Assistant I	12	4.0	\$154,359
0141	Accountant I	11	4.0	\$143,193
0173	Bookkeeper III	11	1.0	\$40,902
0906	Clerk IV	09	1.0	\$29,896
			<hr/>	
			40.0	\$1,835,206



Maria Pappas

Cook County Treasurer

October 8, 2008

Honorable John P. Daley
Chairman, Cook County Audit Committee
118 North Clark Street, FI 3M
Chicago, Illinois 60602

Dear Chairman Daley:

Pursuant to your letter dated October 8, 2008 regarding issues raised by the Treasurer's FY2007 Independent Auditors Report discussed at the Audit Committee's October 8, 2008 meeting, please note our responses below:

1. "Do you project that any surplus above \$5 million in the Unknown Heirs Fund will be available for escheatment into the county general funds during fiscal year 2009? If so, what is your estimate of that amount?"

The Unknown Heirs Fund balance increases or decreases based on receipt by the Treasurer's Office of adjudicated court orders. As the Treasurer's Office is unable to anticipate the filing and adjudication of court cases that would result in receipts or payouts within the fund, we are unable to estimate a fund balance as of November 30, 2008. The balance in the Unknown Heirs Fund as of October 8, 2008 is \$8,453,740.59.

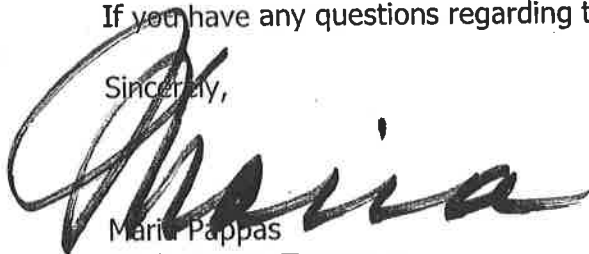
2. "Do you project that there will be a surplus in excess of \$2 million in the Indemnity Judgment Fund for Fiscal Year 2009? If so, what amount will be paid to the County Comptroller?"

As with the Unknown Heirs Fund, payouts from the Tax Sale Indemnity Fund are based on adjudicated court orders. As the Treasurer's Office is unable to anticipate the filing and adjudication of court cases that would result in payouts from the fund, the Treasurer's Office is unable to estimate a fund balance as of November 30, 2008. The balance in the Tax Sale Indemnity Fund as of October 8, 2008 is \$2,313,554.32.



If you have any questions regarding this matter please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Maria". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

Maria Pappas
Cook County Treasurer

jpd/MP

THOMAS J. DART
SHERIFF



ALEXIS HERRERA
CHIEF FINANCIAL OFFICER
SOJOURNER COLBERT
FINANCE DIRECTOR

SHERIFF'S OFFICE OF COOK COUNTY, ILLINOIS
DEPARTMENT OF FISCAL ADMINISTRATION AND SUPPORT SERVICES

69 W. WASHINGTON, CHICAGO, ILLINOIS 60602
SUITE 1410
PHONE (312) 603-0069
FAX (312) 603-9806

October 9, 2008

Commissioner John P. Daley,
Chairman, Audit Committee
Office of the Board of Commissioners of Cook County
118 North Clark Street, Room 567
Chicago, Illinois 60602

Dear Chairman Daley:

This letter is in response to your question regarding the Federal Equitable Sharing Program Audit Report.

1. The reported interest rate on funds held in the Federal Equitable Sharing account is 3.9%. What is the current rate on this account? (pg. 5)

Answer: The current interest rate on funds held in the Federal Equitable Sharing account is 3.04%

2. Please provide justification for expenditures of State Equitable Sharing funds on salaries, despite a recommendation to the contrary from the State Police. (pg. 7)

Answer: State Equitable Sharing Guidelines do not require State Police approval to utilize funds. Past practice in the Sheriff's Office was to request an opinion from the State Police as to whether or not a specific purchase was permissible under the State Equitable Sharing Guidelines. When the request was made the State recommended against using the funds to pay for salaries and benefits, because we could not sustain this special fund on a long term basis, based on the annual amounts of monies we received. We were aware of this and these positions were absorbed into the Police Department in Fiscal Year 2008.



Commissioner John P. Daley
Chairman Audit Committee
October 9, 2008
Page 2

If you have any further questions, please do not hesitate to contact me at (312) 603-0044.

Sincerely,

A handwritten signature in cursive script that reads "Alexis Herrera".

Alexis Herrera
Chief Financial Officer
Sheriff's Office

Cc: Zelda Whittler, Undersheriff

THE BOARD OF COMMISSIONERS
TODD H. STROGER
PRESIDENT

EARLEAN COLLINS
ROBERT STEELE
JERRY BUTLER
WILLIAM M. BEAVERS
DEBORAH SIMS
JOAN PATRICIA MURPHY
JOSEPH MARIO MORENO
ROBERTO MALDONADO

1st Dist.
2nd Dist.
3rd Dist.
4th Dist.
5th Dist.
6th Dist.
7th Dist.
8th Dist.

PETER N. SILVESTRI
MIKE QUIGLEY
JOHN P. DALEY
FORREST CLAYPOOL
LAWRENCE SUFFREDIN
GREGG GOSLIN
TIMOTHY O. SCHNEIDER
ANTHONY J. PERAICA
ELIZABETH ANN DOODY GORMAN


9th Dist.
10th Dist.
11th Dist.
12th Dist.
13th Dist.
14th Dist.
15th Dist.
16th Dist.
17th Dist.



COOK COUNTY
BUREAU OF ADMINISTRATION
DEPARTMENT OF HIGHWAYS
Rupert F. Graham Jr., P.E.
Superintendent
George W. Dunne Cook County Office Building
69 West Washington Street 23rd Floor
Chicago, Illinois 60602-3007
Telephone (312) 603-1601
Fax (312) 603-9945

MEMORANDUM

TO: Chairman John P. Daley, Audit Committee

FROM: Rupert F. Graham, Jr., P.E., Superintendent 

DATE: October 14, 2008

SUBJECT: MFT Fund Audit Committee Questionnaire & Responses

The following is in response to the issues raised by the Audit Committee's October 8, 2008 meeting:

- Q1. Is the transfer of monies from the Motor Fuel Fund to the Public Safety Fund a permitted use?
- A1. The monies (\$34,500,000) from the Motor Fuel Tax Fund to the Public Safety Fund are transferred by a resolution approved and adopted by the Board of Cook County Commissioners. Such a transfer occurs once in the County's fiscal year and is a revenue source in the Public Safety Fund budget. The use of the Motor Fuel Tax Fund monies by the Public Safety Fund is permitted by the Article 5, Division 7, Section 5-701.10 of the Illinois Highway Code, as amended (605 ILCS 5/5-701.10 (1993)). The Illinois Compiled Statute 5/5-701.10 states, "Any county board in counties of 1,000,000 or more inhabitants may also use any motor fuel tax money allotted to it for the purpose of paying any and all expenditures resulting from the activities conducted by the circuit court located in the county...."
- Q2. Please explain IDOT's calculation of a \$338 million negative balance in the obligated account.
- A2. The Illinois Department of Transportation calculates the obligated account balance by subtracting the unobligated account balance from the cash account balance as submitted by the Highway Department. Since the unobligated account balance is larger than the cash account balance, the obligated account balance is negative. The cash account balance is the

Memorandum – Department of Highways

Date: October 14, 2008

Subject: MFT Fund Audit Committee Questionnaire & Responses

amount of unspent MFT funds at the reporting time although most of the unspent funding is encumbered towards ongoing construction projects.

The Highway Department has met with IDOT since this report was generated to clarify the misunderstanding in terminology. The Highway Department reports all funds being spent on projects and all transfers of funds between the MFT Fund and the General Fund. However, IDOT does not record the spending or authorize the spending until the project is closed. Compounding this problem is the fact that IDOT has not conducted a comprehensive audit of the County's MFT Fund for past 16 years.

IDOT is stating in the report that transfers such as payments on interest, transfers to the Public Safety Fund and the Illinois First Fund were unrecorded by IDOT although they acknowledge the exact amounts of all those transfers in their report. In those cases, IDOT says we could clarify those transfers by a letter from the Highway Department along with some supporting documentation. This action will decrease the unobligated account balance thereby lowering the deficit in the obligated account balance. Further reduction in the unobligated account balance will be the result of the project closing plan as described in our response to question 3.

IDOT assigned a full time on-site auditor for the auditing of the County's MFT Fund account through 1992 when the last comprehensive audit report was generated. After that year, no comprehensive audit of the MFT Fund was conducted. The accuracy of the County's MFT Fund accounting has never been questioned. Thereafter, IDOT limited the auditing scope to the project level on a selective basis. All transactions including transfers to the General Fund and recording of interest were reported to IDOT. All MFT Fund appropriating and spending are done with the prior approval of the Cook County Board of Commissioners.

- Q3. How many completed projects are currently waiting for formal closure documentation to be submitted to DOT?
- A3. There are about sixty (60) completed projects that are pending for a formal closure with the Illinois Department of Transportation. Another 200 projects are pending for charging back engineering costs. The Highway Department and IDOT are in agreement to contract engineering consultants to expedite the closure of those projects in a timely manner.

Memorandum – Department of Highways

Date: October 14, 2008

Subject: MFT Fund Audit Committee Questionnaire & Responses

Q4. Please explain the lack of state authorization for the transfer of Motor Fuel Tax funds into Illinois First Fund accounts.

A4. The transfer of the Motor Fuel Tax Fund monies to the Illinois First 501 Fund is approved and adopted in the fiscal year budget by the Board of Cook County Commissioners. We have submitted a request to the Illinois Department of Transportation for a formal approval of those transfers.

cc: Mark Kilgallon, Chief Administrative Officer
Herbert T. Schumann, Jr., Fiscal Management Bureau Chief
Theodore P. Georgas, P.E., S.E., Assistant Superintendent
Mohammed M. Quraishi, P.E., Bureau of Fiscal Management